



State of Arizona  
Department of Education

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Superintendent of  
Public Instruction

Memorandum

June 14, 2006  
CACFP CN# 17-06  
USDA CACFP 12-2006

To: Child and Adult Care Food Program Child Care Home Sponsoring Organizations

From: Mary Szafranski, Deputy Associate Superintendent  
Health and Nutrition Services

Melissa Conner, Director  
Child and Adult Care Food Program

Subject: Issues Relating to Block Claims Submitted by Sponsored Child Care Centers and  
Family Child Care Homes

Effective October 1, 2005, sponsoring organizations were required to comply with new regulatory provisions pertaining to the conduct of unannounced facility reviews in response to a facility's "block" claim. USDA issued guidance regarding block claiming addressing "Documenting Reasons for Block Claims by Child Care Centers and Day Care Homes." Please refer to CACFP CN# 41-15. That guidance permitted sponsoring organizations to meet the requirement for an unannounced follow up review, under certain circumstances, by evaluating and documenting the reason for a block claim **prior** to the facility's first submission of a block claim during the current review year. However, the July 2005, guidance was effective only through the end of Fiscal Year 2006. This memorandum addresses the extension of the original guidance, as well as several other questions that have arisen regarding implementation of the block claim requirement.

**Extension of July 1, 2005, Guidance**

This memorandum extends the July 1, 2005, guidance through the end of fiscal year 2007 (through September 30, 2007). This allows sponsors to continue to document reasons for a block claim observed in the facility's records during an unannounced review. The facility-specific documentation collected during the unannounced review will relieve the sponsor from having to conduct an unannounced follow up review, in response to that facility's submission of a block claim in its meal counts, for the remainder of the current review year.

## Definition of the “Current Review Year”

USDA had been asked whether the “current review year” must be defined as the Federal fiscal year.

- USDA’s answer is “no”. In the provided guidance, USDA used the Federal fiscal year for illustrative purposes, because USDA believes that many State agencies define the Federal fiscal year and the review year as being the same. In fact, the “current review year” can be any consecutive 12-month period defined by the Arizona Department of Education (ADE) or sponsor (provided that the sponsor’s definition is not prohibited by ADE).

ADE defines the current review year as the Federal fiscal year (October 1 – September 30), and ADE will track the sponsor’s facility reviews using the Federal fiscal year to determine that the sponsor has met all review requirements set forth in § 226.16(d)(4)(iii).

## Use of “Checklists” by Sponsor Monitors

USDA reiterates what was stated in the guidance issued on July 1, 2005 (CACFP CN# 41-15). “Valid reasons” for the existence of a block claim that would exempt the sponsor from conducting additional unannounced follow up reviews for the 12-month period are limited to those reasons discussed in the preamble to the interim rule (69 FR 53501, September 1, 2004); in the questions and answers on that rule issued on September 1, 2004, and December 23, 2004; and in the training materials on the second interim rule provided to all state agencies.

Whenever a sponsor monitor documents valid reasons for a facility’s submission of a block claim, those reasons must be specific to the facility, and must be well-documented. Thus, a checklist with a mark next to one or more reasons (e.g., “cares for sick children”) is not adequate to document that there is a valid reason for the block claim, since it can be completed without careful thought by the sponsor monitor. There must be additional explanation of why the monitor believes this to be a valid reason for this facility’s block claim. Thus, if a monitor checks “provider accepts sick children”, the monitor must also note in the remarks section of the form that he/she has examined the provider’s written policy regarding caring for sick children, or has observed sick children in the home during a review, or has some other reason to believe that this is a valid excuse for the facility to have block claims.

## Starting Date of the 60-day “Clock”

Finally, USDA was asked about a discrepancy between the wording in the preamble and the regulatory language at § 226.10(c)(3) of the second interim rule. The preamble states (69 FR 53519, September 1, 2004) that the sponsor is required “to conduct an unannounced review of the facility within 60 days of receiving the block claim from the facility.” (emphasis added) The regulatory language, however, states that the sponsor must conduct an unannounced review “within 60 days of the discovery of the block claim.” (emphasis added)

At the time that the regulation was written USDA anticipated that, due to sponsors’ desire to pay facilities quickly, very little time would elapse between the receipt of a facility’s meal count and the discovery of a block claim. However, some State Agencies have informed USDA that this is not always the case and that the beginning and ending dates of the 60-day period are difficult to

determine. In order to promote national uniformity in the final rule, USDA will clarify that the 60-day clock must start on the day that the facility's meal count is received by the sponsoring organization.

Both USDA and ADE appreciate all efforts that sponsoring organizations have made to properly implement this important integrity requirement.

Please feel free to contact your program specialist if you have further questions.

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